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VALLEY COUPLE PLEADS GUILTY TO VACATION SCAM

Thousands of Victims Defrauded in Multiple States

SACRAMENTO--United States Attorney McGregor W. Scott announced today that SHERYL DENISE DAVIS, 50, and DANIEL WALLACE SMITH, 43, previously of California and Nevada, pleaded guilty this morning before United States District Judge William B. Shubb to federal fraud charges stemming from a nationwide vacation fraud scam. The defendants were indicted by a federal grand jury on September 30, 2004 and arrested on November 21, 2004 at the Silver Legacy Hotel and Casino. Sentencing is set for March 2, 2006 .

The case is the product of an extensive investigation by the United States Postal Inspection Service.

According to Assistant United States Attorneys Robin Taylor and Matthew Stegman, who are prosecuting the case, defendant SMITH pleaded guilty to mail fraud and defendant DAVIS pleaded guilty to conspiracy to commit mail fraud. Both defendants admitted in court that they advertised bogus vacation packages, hotel accommodations, car rentals, gift certificates, and other services in major newspapers throughout the country, including the Arizona Daily Star, the Arizona Republic, the Chicago Sun Times, the Los Angeles Times, the San Diego Union Tribune, and the San Jose Mercury News. Defendant SMITH paid for the advertisements with forged checks drawn on nonexistence bank accounts. Although customers paid deposits and funds for their vacations, they did not receive the product or a refund.

To further the conspiracy and fraud, the defendants used a number of fraudulent business names, such as Vacation Properties International, SFS, SFS Promotions, SFS Products, SFS Productions, SFS International, Resort Promotions International, and National Casino Promotions. Defendants SMITH and DAVIS opened private postal mail boxes used to receive customer checks, and also opened numerous bank accounts to carry out the fraud.

For the mail fraud violations, defendant SMITH faces a maximum of 20 years imprisonment per count, a \$250,000 fine, and restitution. Defendant DAVIS faces a maximum of 5 years imprisonment per count, a \$250,000 fine, and restitution.

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